



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
GREENUP COUNTY  
SHERIFF'S TAX SETTLEMENT – 2000 TAXES**

**August 31, 2001**

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AUDITOR OF PUBLIC ACCOUNTS  
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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Robert Carpenter, Greenup County Judge/Executive  
Honorable Keith M. Cooper, Greenup County Sheriff  
Members of the Greenup County Fiscal Court

The enclosed report prepared by Berger & Ross, PLLC, Certified Public Accountants, presents the Greenup County Sheriff's Tax Settlement - 2000 Taxes.

We engaged Berger & Ross, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process. Berger & Ross, PLLC, evaluated the Greenup County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett".

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Enclosure



**AUDIT EXAMINATION OF THE  
GREENUP COUNTY  
SHERIFF'S TAX SETTLEMENT – 2000 TAXES**

**August 31, 2001**

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**EXECUTIVE SUMMARY**

**AUDIT EXAMINATION OF THE  
GREENUP COUNTY  
SHERIFF'S SETTLEMENT - 2000 TAXES**

**August 31, 2001**

Berger & Ross, PLLC has completed the audit of the Sheriff's Settlement - 2000 Taxes for Greenup County Sheriff as of August 31, 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects. However, the audit did reveal three noncompliances which are listed below:

- The Sheriff Should Settle Amounts Owed And Collect Amounts Due.
- Interest Earned In The Tax Account Should Be Paid To The School Districts On A Monthly Basis.
- The Sheriff Should Have Published The Sheriff's Annual Settlement With The County.

**Financial Condition:**

The Sheriff collected net taxes of \$11,008,669 for the districts for 2000 taxes. The Sheriff distributed taxes of \$10,994,838 to the districts for 2000 Taxes. Tax refunds of \$96 are due to the Sheriff from the taxing districts and taxes of \$5,419 are due to the districts from the Sheriff.

**Debt Obligations:**

The Sheriff owes \$165, \$65, and \$106 of interest to the common school district, Raceland school district, and Russell school district, respectively. The Sheriff's fee account owes the tax account a \$1,131 refund for interest that was overpaid to the Sheriff's fee account. The Sheriff owes his fee account \$60 for add-on fees that were not paid.

**Subsequent Event:**

None.





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Association of Certified Financial Planners  
Association of Tax-Exempt Financial Institutions  
Chartered Accountants Association  
National Association of Accountants  
National Association of Public Accountants  
Kentucky Tax Association

#### To the People of Kentucky

Honorable Paul E. Patton, Governor  
Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Robert W. Carter, Greenup County Judge/Executive  
Honorable Keith Cooper, Greenup County Sheriff  
Members of the Greenup County Fiscal Court

#### Independent Auditor's Report

We have audited the Greenup County Sheriff's Settlement - 2000 Taxes as of August 31, 2001. This tax settlement is the responsibility of the Greenup County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Greenup County Sheriff's taxes charged, credited, and paid as of August 31, 2001, in conformity with the modified cash basis of accounting.

In accordance with Government Auditing Standards, we have also issued our report dated July 10, 2002, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

To the People of Kentucky

Honorable Paul E. Patton, Governor

Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Robert W. Carter, Greenup County Judge/Executive

Honorable Keith Cooper, Greenup County Sheriff

Members of the Greenup County Fiscal Court

(Continued)

Based on the results of our audit, we present the accompanying comments and recommendations, included herein, which discuss the following areas of noncompliance.

- The Sheriff Should Settle Amounts Owed and Collect Amounts Due.
- Interest Earned In The Tax Account Should Be Paid To The School Districts On A Monthly Basis.
- The Sheriff Should Have Published The Sheriff's Annual Settlement With The County.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -  
July 10, 2002

GREENUP COUNTY  
KEITH COOPER, SHERIFF  
SHERIFF'S SETTLEMENT - 2000 TAXES  
August 31, 2001

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 819,631	\$ 1,817,042	\$ 4,909,591	\$1,313,281
Tangible Personal Property	76,318	210,161	390,350	339,413
Intangible Personal Property				289,254
Airplanes	29,706		236,382	4,456
Fire Protection	2,536			
Franchise Corporation	175,410	342,340	1,043,471	
Undeveloped Oil and Gas	169	175	1,077	265
Additional Bills	14,393	32,121	82,085	17,396
Taxes Increased Through Erroneous Assessment	250	858	1,373	401
Penalties	<u>7,303</u>	<u>16,640</u>	<u>44,524</u>	<u>12,114</u>
Gross Chargeable to Sheriff	<u>\$ 1,125,716</u>	<u>\$ 2,419,337</u>	<u>\$ 6,708,853</u>	<u>\$1,976,580</u>
 <u>Credits</u>				
Discounts	\$ 12,156	\$ 26,252	\$ 72,082	\$ 27,790
Exonerations	18,540	40,615	106,569	40,996
Delinquents:				
Real Estate	45,288	103,706	277,616	72,318
Tangible Personal Property	1,308	1,043	7,322	5,172
Intangible Personal Property				292
Total Credits	<u>\$ 77,292</u>	<u>\$ 171,616</u>	<u>\$ 463,589</u>	<u>\$ 146,568</u>
Net Tax Yield	\$ 1,048,424	\$ 2,247,721	\$ 6,245,264	\$1,830,012
Less: Commissions (a)	<u>44,845</u>	<u>95,528</u>	<u>144,316</u>	<u>78,063</u>
Net Taxes Due	\$ 1,003,579	\$ 2,152,193	\$ 6,100,948	\$1,751,949
Taxes Paid	1,002,999	2,149,938	6,092,926	1,748,975
Refunds (Current and Prior Year)	<u>520</u>	<u>1,160</u>	<u>3,758</u>	<u>3,070</u>
Due District or (Refund Due Sheriff)		(b)	(c)	
as of Completion of Field Work	<u>\$ 60</u>	<u>\$ 1,095</u>	<u>\$ 4,264</u>	<u>\$ (96)</u>

(a), (b), and (c) See Page 4

GREENUP COUNTY  
 KEITH COOPER, SHERIFF  
 SHERIFF'S SETTLEMENT - 2000 TAXES  
 August 31, 2001  
 (Continued)

(a) Commissions

10%	on	\$	10,000
4.25%	on	\$	5,116,157
2.5%	on	\$	3,882,112
2%	on	\$	2,363,152

(b) Special Taxing Districts

Library District	\$	434
Health District		218
Extension District		102
Ambulance District		155
South Shore District		48
Wurtland Fire District		62
Lloyd Fire District		101
Load Fire District		65
Maloneton Fire District		(13)
Oldtown Fire District		(47)
Little Sandy Fire District		267
Firebrick Fire District		25
City of South Shore District		1
City of Greenup District		(388)
City of Raceland District		65

Due Districts or (Refunds Due Sheriff)	\$	<u>1,095</u>
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(c) School Taxing Districts

Common	\$	(5,807)
Russell		17,095
Raceland		<u>(7,024)</u>

Due Districts or (Refunds Due Sheriff)	\$	<u>4,264</u>
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GREENUP COUNTY  
NOTES TO THE FINANCIAL STATEMENT

August 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of August 31, 2001, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

GREENUP COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
August 31, 2001  
(Continued)

Note 3. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2000. Property taxes were billed to finance governmental services for the year ended June 30, 2001. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 26, 2000 through August 31, 2001.

Note 4. Interest Income

The Greenup County Sheriff earned \$17,663 as interest income on the 2000 taxes. The Sheriff did not distribute the appropriate amount to the school districts and the fee account nor were all monthly distributions made as required by statute. As of August 31, 2001, the Sheriff owes \$336 in interest to the school districts and the Sheriff's fee account owes the tax account a \$1,131 refund for interest that was overpaid to the fee account. Interest paid to the fee account was used to operate the Sheriff's office.

Note 5. Sheriff's 10% Add-On Fee

The Greenup County Sheriff collected \$63,150 of 10% add-on fees allowed by KRS 134.430(3). At August 31, 2001, the Sheriff's tax account owes his fee account \$60 in unpaid add-on fees. The add-on fees paid were used to operate the Sheriff's office.

Note 6. Advertising Fees

The Greenup County Sheriff collected \$1,405 in advertising fees allowed by KRS 424.330(1) and KRS 134.440(2). The Sheriff paid his fee account for this amount.



## COMMENTS AND RECOMMENDATIONS



GREENUP COUNTY  
KEITH COOPER, SHERIFF  
COMMENTS AND RECOMMENDATIONS

August 31, 2001

STATE LAWS AND REGULATIONS:

1. The Sheriff Should Settle Amount Owed And Collect Amounts Due

The Sheriff should collect amounts owed (due sheriff) and pay the taxing district the amount owed as follows:

County	\$ 60
State	(96)
Library	434
Ambulance	155
Health	218
South Shore Fire District	48
Common School	(5,807)
Oldtown Fire District	(47)
Little Sandy Fire District	267
Russell School	17,095
Raceland School	(7,024)
Wurtland Fire District	62
Lloyd Fire District	101
Load Fire District	65
Maloneton Fire District	(13)
Firebrick Fire District	25
City of South Shore	1
City of Greenup	(388)
City of Raceland	65
Extension	102

We recommend these amounts be paid and refunds collected as soon as possible.

*Sheriff's Response:*

*Will contact appropriate agencies.*

2. Interest Earned In The Tax Account Should Be Paid To The School Districts On a Monthly Basis

The Sheriff earned interest in his tax account but did not remit all monthly payments to the school districts and his fee account as required by KRS 134.140(3)(b). KRS 134.140(3)(b) states "at the time of the Sheriff's monthly distribution of taxes to the district board of education, the Sheriff shall pay to the board of education that part of his investment earnings for the month which is attributable to the investment of school taxes". The Sheriff did pay interest to the schools for certain months but failed to pay for other months. The Sheriff owes an additional \$165 to the Greenup County School District, \$65 to the Raceland School District, and \$106 to the Russell School District. The Sheriff also overpaid the Sheriff's fee account \$1,131 in interest during the year. We recommend the Sheriff remit payment to the school districts and collect from the fee account for the above amounts.

*Sheriff's response:*

*Will remit.*

GREENUP COUNTY  
KEITH COOPER, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
August 31, 2001  
(Continued)

3. The Sheriff Should Have Published The Sheriff's Annual Settlement With The County.

The Sheriff did not publish his annual settlement with the fiscal court. KRS 134.310 requires the settlement to be published pursuant to Chapter 424. The report of the settlement shall be subject to objections by the Sheriff or by the County Attorney, who shall represent the state and county, and the county judge/executive shall determine objections. Objections shall be submitted to the county judge/executive within fifteen (15) days of the filing of the settlement in the Clerk's office. If no objections are submitted, the settlement will become final. We recommend the sheriff publish his annual settlement as required by KRS 134.310.

*Sheriff's response:*

*Will do.*

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





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National Association of Accountants  
National Association of Tax Professionals  
Kentucky Tax Association

## To the People of Kentucky

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Honorable Keith Cooper, Greenup County Sheriff  
Members of the Greenup County Fiscal Court

### Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of The Financial Statement Performed In Accordance With Government Auditing Standards

We have audited the Greenup County Sheriff's Settlement - 2000 Taxes as of August 31, 2001, and have issued our report thereon dated July 10, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Greenup County Sheriff's Settlement - 2000 Taxes as of August 31, 2001 is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations.

- The Sheriff Should Settle Amounts Owed And Collect Amounts Due
- Interest Earned In The Tax Account Should Be Paid To The School Districts On A Monthly Basis
- The Sheriff Should Have Published The Sheriff's Annual Settlement With The County.

#### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Greenup County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Report on Compliance And On Internal Control Over Financial Reporting  
Based On An Audit Of The Financial Statement Performed In Accordance  
With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be disclosed within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully Submitted

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed –  
July 10, 2002



